(d) if so, the details of benefits a customer would get by exercising this option; and

(e) if not, what action Government proposes to protect the customers in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) and (b) Reserve Bank of India (RBI) issued a Circular dated 7th May, 2007 on 'Complaints about excessive interest charged by banks' advising all commercial bank to put in place appropriate internal principles and procedures so that usurious interest, including processing and other charges are not levied by them on loans and advances. Further, the banks have been advised that while laying down such principles and procedures in respect of small value loans, particularly personal loans and such other loans of similar nature, banks should keep in view the broad guiding principles enumerated in the above circular such as prescribing an appropriate prior approval process for sanctioning such loans, incorporating a reasonable and justified risk premium in the interest rate charged by the banks, fixing justifiable interest and all other charges levied on a loan as well as ceiling thereof, etc.

To address the grievances of the bank customers arising out of perceived non adherence to RBI guidelines or the policies of the banks, RBI has advised the banks to put in place an effective grievances redressal mechanism to redress the grievances of their customers. In case of non redressal of the grievances of the bank customers, RBI has notified Banking Ombudsman Scheme to resolve such issues. As per the extant procedure, the Banking Ombudsman verifies the contents of the complaint with the concerned bank, evaluates the evidence produced by the parties and pass 'awards' of compensation, wherever considered appropriate, which covers actual pecuniary loss to the customer of account of excess charges/penal interest, etc. and a compensation upto Rs. 1 lakh on account of harassment and mental anguish suffered by the customer.

(c) to (e) There is no specific one time settlement scheme for credit cards customers of private sector and foreign banks. However, the banks may consider any such proposal of their customers keeping in view their recovery policies and extant RBI guidelines, in usual course of their business.

New guidelines for recovery agents of banks

3362. SHRI M.V. MYSURA REDDY: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that RBI has issued a new set of guidelines for banks' recovery agents;

(b) if so, the details of final norms issued by the RBI for banks' recovery agents; and

(c) to what extent his Ministry thinks that it would reduce harassment by agents in recovering loans on behalf of banks from consumers?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) to (c) Yes, Sir. Reserve Bank of India (RBI) has issued guidelines on 24th April, 2008 on

recovery agents engaged by banks. The RBI has advised the banks to ensure verification of antecedents of employees of recovery agencies engaged by them. Police verification has been suggested as one of the pre-employment due diligence measures. RBI has also stipulated that all recovery agents undergo a training-cum-certification programme offered by Indian Institute of Banking and Finance (IIBF).

Complaints received by RBI regarding violation of guidelines and adoption of abusive practices followed by banks' recovery agents would be viewed seriously. RBI may consider imposing a ban on banks from engaging recovery agents in a particular area, either jurisdictional or functional, for a limited period. Similar supervisory action could be attracted when the High Courts or the Supreme Court pass strictures or impose penalties against any bank or its Directors/Officers/agents with regard to policy, practice and procedure related to the recovery process.

Offshore tax havens

3363. SHRI B.K. HARIPRASAD: Will the Minister of FINANCE be pleased to state:

(a) whether the United States (US) is contemplating to enact a legislation that will prevent US firms from using offshore tax havens;

(b) whether the Organization for Economic Co-operation and Development (OECD) is also determined on eliminating fraud and enhancing banking transparency and has initiated similar move across the European Union;

(c) if so, whether India having tax treaties with Mauritius and Bermuda from where much of the FDI inflows originate, is also contemplating any such move; and

(d) whether the European and American initiatives targeting tax havens overseas will have any impact on investment flow to India?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) As per information obtained from the website of the White House. *www.whitehouse.gov*, the US administration plans to legislate measures to reduce the amount of taxes lost to tax havens;

(b) Organization for Economic Co-operation and Development (OECD), as per the information available in public domain, commends that all countries should permit access to bank information for all tax purposes so that tax authorities can fully discharge their revenue raising responsibilities and engage in effective exchange of information with their treaty partners. OECD, through the Global Forum on Taxation, assesses implementation of its standards of Transparency and Exchange of Information and is currently focusing on strengthening the Global Forum and developing further its toolbox of counter measures against non-cooperative jurisdictions and assessing their effectiveness;

(c) During the financial years 2006-07 to 2008-09, FDI inflow from Mauritius and Bermuda was Rs. 1,241,416 million and Rs. 19,986 million respectively. India has a Double